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June 29, 1998

RECORDATION NO. 21488 FILED

JUN 30 '98

11-30AM

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RECEIVED
SURFACE TRANSPORTATION
BOARD

Mr. Vernon A. Williams
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Subject: Recordation of Interim User Agreement

Dear Mr. Williams:

Enclosed for recordation, under the provisions of 49 U.S.C. §11303 and the regulations thereunder, is an original and one copy/counterpart of an Interim Lease Agreement, dated as of June 22, 1998, between General Electric Company acting through its Transportation Systems Business Operations ("Lessor") and Metro-North Commuter Railroad Company. ("Lessee"), a primary document.

The names and addresses of the parties to the enclosed Agreement are as follows:

LESSOR: GE Transportation Systems
2901 East Lake Road
Erie, Pennsylvania 16531

LESSEE: Metro-North Commuter Railroad Company
347 Madison Avenue
New York, NY 10017-3739

A general description of the locomotive(s) covered by the enclosed documents is attached hereto as Schedule I. Also enclosed is a remittance in the amount of \$26.00 for the required recording fee.

The undersigned is Counsel and Attesting Secretary of General Electric Company, the Lessor. Please return the original and any extra copies not needed by the Board for recordation to Daniel A. Rowley, General Electric Company, 2901 East Lake Road, Building 14-5, Erie, Pennsylvania 16531.

A short summary of the document to appear in the index follows:

PRIMARY DOCUMENT

Interim Lease Agreement, dated as of June 22, 1998 between General Electric Company ("Lessor") and Metro-North Commuter Railroad Company. ("Lessee"), relating to Six (6) P32 AC-DM dual mode locomotives.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. A. Rowley". The signature is fluid and cursive, with a large loop at the end.

Enclosures

SCHEDULE I

Description of Locomotive(s)

<u>Road Number</u>	<u>Type</u>
213	P32 AC-DM
214	P32 AC-DM
215	P32 AC-DM
216	P32 AC-DM
217	P32 AC-DM
218	P32 AC-DM

JUN 30 '98

11-30AM

INTERIM USER AGREEMENT

THIS AGREEMENT, dated as of June ~~22~~ 1998 between GENERAL ELECTRIC COMPANY, a New York corporation ("GE") and METRO-NORTH COMMUTER RAILROAD COMPANY, a New York public benefit corporation ("Metro-North").

WITNESSETH:

WHEREAS, GE and Metro-North have entered into Contract No. 9200 as amended from time to time in accordance with its terms (as so amended, the "Purchase Agreement") calling for GE, upon Metro North's exercise of an option, to manufacture and deliver to Metro-North, and Metro-North to accept and pay for, among other things, six (6) P32 AC-DM dual mode diesel locomotives, road numbers 213-218, inclusive (collectively, the "Locomotives"); and

WHEREAS, Metro-North desires to exercise the option, subject to the necessary approval of the MTA Capital Program Review Board (the "Board") and

WHEREAS, Metro-North desires to acquire and take delivery of the Locomotives during June 1998; and

WHEREAS, Metro-North desires that it be permitted to use the Locomotives pending such Board approval, solely as a bailee thereof, and GE is willing to grant such temporary custody, possession and use to Metro-North upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. GE, as lessor, hereby agrees to deliver the Locomotives to Metro-North, as lessee, for acceptance by Metro-North. Upon the approval of the Board of an amendment to the MTA Capital Program Plan authorizing payment of the purchase price of the Locomotives as hereinafter provided, this Agreement shall automatically terminate with respect to such Locomotive without further action by or notice to either party hereto, except for those provisions of paragraphs 2, 5, 6, 8 and 9 which, in order to be given effect, should survive termination.

2. Metro-North agrees to pay to GE a daily fee, calculated as set out below, for each such Locomotive, for each day during the Payment Period, as defined in the following sentence. As used herein, "Payment Period" means the period

commencing on the thirty-first day after a Modified Certificate of Acceptance (a Certificate of Acceptance as defined in the Purchase Agreement, but subject to Metro North's obtaining necessary Board approval) is issued for such Locomotive under the Purchase Agreement and ending on the day (even if such ending day shall be after this Agreement has terminated in accordance with its terms) immediately preceding the date Metro-North pays to GE the purchase price for such Locomotive or the Locomotives are returned to GE as provided in Article 2.01(F) of the Purchase Agreement. Such fee will be calculated as follows: the daily fee per Locomotive will be calculated at 3.5% per annum, divided by 360 days, multiplied by purchase price due per the Purchase Agreement (as modified by the terms of the Option Election). Invoicing for such fees will be on a monthly basis, and payment will be due in accordance with the Purchase Agreement, provided that, if this Agreement terminates and Metro North returns the Locomotives in accordance with Article 2.01 (F) of the Purchase Agreement, then any outstanding fees shall be paid upon such return. If payment of the purchase price is not made within thirty (30) days after issuance of a Modified Certificate of Acceptance for a Locomotive, then payment for such Locomotive shall be made within seven (7) days of the Board approving the amendment to the MTA Capital Program Plan that is necessary to authorize payment by Metro North of the purchase price for the Locomotives. Notwithstanding the foregoing, should the said approval of the Board not be obtained prior to December 31, 1998, then Metro-North shall return the Locomotives pursuant to Article 2.01F of the Purchase Agreement, and, upon such return, (1) Metro North shall have no obligation to pay the purchase price, and (2) this Agreement will terminate, subject to the obligation of Metro-North to pay any fee accrued pursuant to this Section 2 and the survival of the provisions set forth in Section 1 of this Agreement.

3. For purposes of securing all of Metro-North's obligations hereunder with respect to the Locomotives, including, but not limited to, payment of the purchase price therefor as herein provided, at all times during the term hereof GE shall and hereby does retain the full legal title to and property in the Locomotives, notwithstanding the delivery of the Locomotives to and the possession and use thereof by Metro-North as provided in this Agreement. Metro-North's rights and interest in the Locomotives shall be solely that of possession, custody and use hereunder.

4. Metro-North shall execute such documents as may be required by law or reasonably requested by GE to permit GE to file this Agreement with the Surface Transportation Board so as to protect GE's title to and security interest in the Locomotives.

5. Metro-North shall permit no liens or encumbrances of any kind to attach to the Locomotives. This provision shall apply until GE shall have been paid the purchase price for the Locomotives. GE may in its sole discretion cause a legend as set forth below to be plainly, distinctly and conspicuously marked upon each Locomotive in letters not less than one inch in height:

THIS LOCOMOTIVE IS SUBJECT TO SECURITY
AGREEMENTS FILED WITH THE

SURFACE TRANSPORTATION BOARD

If, such legend is provided by GE, and during the term of this Agreement, such marking shall at any time be removed, defaced or destroyed, Metro-North shall immediately cause the same to be restored or replaced. Metro-North hereby agrees to indemnify GE against and save GE harmless from any and all claims, damages, losses, expenses or liabilities of whatsoever kind incurred by GE as a result of Metro-North's failure to comply with this paragraph 5.

6. Except to the extent otherwise provided in the Purchase Agreement, Metro-North shall defend GE against and indemnify and save GE harmless from any and all claims, damages, losses, expenses or liabilities of whatsoever kind, including, but not limited to attorneys' fees and costs, which may arise during the time any of the Locomotives are in the possession of Metro-North under this Agreement, including but not limited to, claims of third parties (including, but not limited to, employees of Metro-North) for personal injury (including, but not limited to, death) and claims of Metro-North or third parties for loss of, damage to or loss of use of any property, caused by or in any way related to the use or operation of the Locomotives. Except to the extent otherwise provided in the Purchase Agreement, Metro-North shall furthermore pay any and all fines, charges and penalties that may accrue or be assessed or imposed upon the Locomotives because of the use, operation, management, maintenance, repair or handling of the Locomotives during the term of this Agreement, but only to the extent that any such fine, charge, or penalty accrues or is assessed or imposed solely by virtue of GE's holding title to the Locomotives pursuant to Section 3 of this Agreement. Metro-North agrees that GE shall not be liable for any tax (other than such a tax on income of GE) that may accrue or be assessed or imposed upon the Locomotives or GE and shall promptly pay GE for any such tax accrued, assessed or imposed, but only to the extent such tax accrues or is assessed or imposed solely by virtue of GE's holding title to the Locomotives pursuant to the terms of Section 3 of this Agreement. The obligations of Metro-North described in this Paragraph 6 shall survive termination of this Agreement.

7. Metro-North shall, at its own expense, and subject to GE's warranty obligations under the Purchase Agreement, keep and maintain the Locomotives in good order and running condition, and shall, at its option, repair or promptly pay in full to GE the purchase price as set forth in the Purchase Agreement for any of the Locomotives which may be damaged or destroyed by any cause during the term of this Agreement other than any damage or destruction caused by a breach of the warranties provided by GE under the Purchase Agreement or by any action of GE for which GE has agreed to indemnify Metro-North under the Purchase Agreement.

8. During the period of this Agreement, the provisions of the Purchase Agreement, including without limitation, those relating to warranty, exclusion of certain warranties, remedies (and limitation of remedies) and limitation of liability, and indemnity, shall fully apply as if the option had been exercised as of the date hereof not subject to the necessary approval of the MTA Capital Program Review

Board. Without limitation of the foregoing, the warranty provisions of Article 9.05 shall apply from the date of delivery of the Locomotives to Metro North, provided that, the period of time covered by this Agreement shall be included in the calculation of any warranty periods under the Purchase Agreement (including without limitation those in Article 9.05B) after payment of the purchase price.

9. In the event Metro-North shall breach any term or provision of this Agreement, then GE may, in addition to any other remedies it may have to recover such purchase price and any unpaid amount hereunder (and no other amounts except as provided under clause (c) below), enter upon the premises of Metro-North or such other premises where the Locomotives may be and take possession of the Locomotives, and thenceforth hold, possess and enjoy the same free from any right of Metro-North or its successors or assigns. In such event, unless GE has received the purchase price and any amount due hereunder for the Locomotives (in which case GE shall return the Locomotives and convey title thereto to Metro-North), GE may use the Locomotives for any purposes whatever, and may sell (in a commercially reasonable manner) and deliver the Locomotives to others upon such terms as GE may reasonably see fit, it being understood and agreed that Metro-North shall remain liable to GE for: (a) An amount equal to any difference in the price paid by such other parties and the purchase price due from Metro-North under the Purchase Agreement, plus: (b) any other unpaid amount hereunder, plus: (c) An amount equal to all reasonable expenses of GE incident to such sale including, but not limited to, the expenses of withdrawing the Locomotives from the service of Metro-North, providing for the care and custody of the Locomotives, and preparing the Locomotives for sale, and GE shall, in such event, return to Metro-North any remaining portion of the proceeds from any such third-party sale left after deduction of the foregoing and any other amounts due GE. In the event that the amounts due GE exceed any remaining portion of the proceeds from any such third-party sale, Metro-North shall pay to GE such additional amounts due upon demand by GE.

10. GE represents and warrants to Metro North that:

(a) It is a duly organized and validly existing corporation in good standing under the laws of its state of incorporation, duly qualified to do business in such jurisdictions as are necessary to carry out the transactions contemplated by this Agreement and that it has power and authority to own its properties and carry on its business as now conducted;

(b) The execution and delivery of this Agreement is within its corporate authority, has been duly authorized and will not contravene any provision of law or of its charter or by-laws nor contravene nor constitute a default under the provisions of any agreement or other instrument binding upon it, and this Agreement is a valid and binding obligation, enforceable, subject to applicable insolvency, bankruptcy or moratorium laws, against it in accordance with its terms;

(c) No governmental authorizations, approvals or exemptions are required for the execution and delivery of this Agreement or for the validity and

enforceability hereof or the bailment of the Locomotives hereunder on the terms and conditions provided herein, or, if any such authorizations are required, they have been obtained and, if any such shall hereafter be required, they will promptly be obtained.

11. Metro North represents and warrants to GE that:

(a) It is a body corporate and politic constituting a public benefit corporation of the State of New York, duly created by and validly existing under the Public Authorities Law with the right, power and authority to enter into and perform its obligations under this Agreement.

(b) The execution and delivery of this Agreement is within its corporate authority, has been duly authorized and will not contravene any provision of law or of its charter or by-laws nor contravene nor constitute a default under the provisions of any agreement or other instrument binding upon it, and this Agreement is a valid and binding obligation, enforceable, subject to applicable insolvency, bankruptcy or moratorium laws, against it in accordance with its terms;

(c) No governmental authorizations, approvals or exemptions are required for the execution and delivery of this Agreement or for the validity and enforceability hereof or the bailment of the Locomotives hereunder on the terms and conditions provided herein, or, if any such authorizations are required, they have been obtained and, if any such shall hereafter be required, they will promptly be obtained.

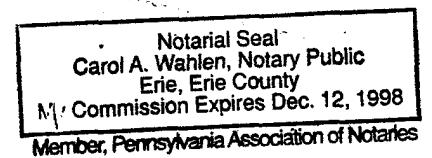
12. To the extent inconsistent herewith, the terms of the Purchase Agreement shall be superseded by the terms of this Agreement.

13. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any party hereto may execute this Agreement by signing one or more counterparts.

STATE OF PENNSYLVANIA)
) SS
COUNTY OF ERIE)

On this, the 22nd day of June, 1998, before me personally appeared Debra A. Mack, to me personally known, who, being by me duly sworn, says that she is Manager, Finance OHV & PRG of the Transportation Systems Business Operations of General Electric Company, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and she acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Carol A. Wahlen
Notary Public



STATE OF NEW YORK)
COUNTY OF NEW YORK) SS

On this, the 22nd day of June, 1998, before me personally appeared DANIEL T. SCANNELL, to me personally known, who, being by me duly sworn, says that he is Acting President, Metro-North Commuter Railroad Company and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Richard K. Bernard
Notary Public

RICHARD K. BERNARD
Notary Public, State of New York
No. 4968446
Qualified in Westchester County
Commission Expires June 25, 1999
2000

IN WITNESS WHEREOF, each of the parties hereto have caused this Agreement to be executed by its authorized representative effective as of the date first above written.

METRO-NORTH COMMUTER
RAILROAD COMPANY

By: Daniel T. Scannell
Name: DANIEL T. SCANNELL
Title: Acting President

GENERAL ELECTRIC COMPANY

By: Debra A. Mack
Name: Debra A. Mack
Title: Mgr. Finance OHV/PRG
Title: _____